

P-407, 421/CP-89-105 REQUIRING TRAFFIC STUDIES, COST STUDIES AND PROPOSED RATES

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Darrel L. Peterson	Chair
Cynthia A. Kitlinski	Commissioner
Norma McKanna	Commissioner
Robert J. O'Keefe	Commissioner
Patrice Vick	Commissioner

In the Matter of a Petition for Extended Area
Service From the Nickerson Exchange to the
Askov, Carlton, and Moose Lake Exchanges

ISSUE DATE: July 5, 1990

DOCKET NO. P-407, 421/CP-89-105

ORDER REQUIRING TRAFFIC STUDIES,
COST STUDIES AND PROPOSED RATES

PROCEDURAL HISTORY

On February 21, 1989, customers within the Nickerson exchange filed a petition requesting that the Commission authorize extended area service (EAS) to the Askov, Carlton, and Moose Lake exchanges.

On April 27, 1990, the Minnesota legislature enacted legislation regulating the installation of extended area service (EAS) in Minnesota. The legislation specifies the circumstances under which the Commission will require extended area service (EAS). Minn. Stat. § 237.161 (1990).

On June 26, 1990, the Commission met to consider the implications of this legislation for petitions from three greater Minnesota area exchanges seeking EAS to areas other than the metropolitan calling area, the Nickerson EAS petition.¹

FINDINGS AND CONCLUSIONS

Regulation Under the New EAS Statute

Section 1 of Minn. Stat. § 237.161 (1990) requires the Commission to grant petitions for installation of extended area service when three objective criteria are met. The three criteria are:

¹ On June 26, 1990, in addition to the petition from the Nickerson exchange which is the subject of this Order, the Commission addressed EAS petitions from the Winnebago and Easton exchanges, Docket No. P-403/CP-89-930 and Docket No. P-519, 403/CP-89-703 respectively.

Adjacency: The petitioning exchange must be adjacent to an exchange or local calling area to which extended area service is requested.

Sufficient Traffic: A traffic study must indicate that at least 50 percent of the customers in the petitioning exchange make one or more calls per month to the exchange or local calling area to which service is requested.

Customer Support: Polling by the Commission must show that a majority of the customers responding to the poll in the petitioning exchange favor its installation, unless all parties including the Commission agree that no polling is necessary.

The New Statutory Requirements and Procedures as Applied to the Nickerson Exchange EAS Petition

The Nickerson exchange meets the first of the three criteria of Minn. Stat. § 237.161, Sec. 1, adjacency. It is adjacent to each of the exchanges for which EAS is requested: the Askov, Carlton, and Moose Lake exchanges.

The second criteria, sufficient traffic, is also met with respect to the EAS proposed between Nickerson and Moose Lake. A traffic study based on March 1989 billings shows that more than 50% of the Nickerson subscribers placed one or more calls to the Moose Lake exchange during that month. Therefore, with respect to the proposed Nickerson-Moose Lake EAS, the Commission will require the telephone company that serves the Nickerson exchange (Contel of Minnesota, Inc.) and the telephone company that serves the Moose Lake exchange (Northwestern Bell Telephone Company) to file cost studies and proposed EAS rates which meet the requirements of Minn. Stat. § 237.161, Sec. 1, Subd. 2 and 3 within sixty (60) days of this order.

With respect to the EAS proposals for Nickerson-Askov and Nickerson-Carlton, the data currently on file indicates insufficient traffic between these exchanges to meet the traffic criteria. However, the traffic between these exchanges closely approaches the required level. According to March 1989 studies, forty-two (42%) percent of Nickerson customers made more than one call per month to the Askov exchange and forty-eight (48%) of Nickerson customers made more than one call per month to the Carlton exchange.

In these circumstances, the Commission will not dismiss the petitions for EAS between Nickerson and Askov and Nickerson and Carlton for failure to meet the legislated criteria at this time. Instead, the Commission will direct the telephone company serving the Nickerson exchange (Contel of Minnesota, Inc.) to file an updated traffic study for the two traffic routes in question within 30 days of the date of this Order. If an updated traffic study shows that a proposed EAS route meets the requisite traffic level prescribed by Minn. Stat. § 237.161, Section 1, Contel and Northwestern Bell (the telephone companies serving the relevant exchanges) will file cost studies and proposed EAS rates which meet the requirements of Minn. Stat. § 237.161, Sec. 1, Subd. 2 and 3 within sixty (60) days of this order.

Finally, the Commission's Order will establish appropriate comment periods for the Minnesota Department of Public Service (the Department) and other interested parties.

ORDER

1. Within 30 days of the date of this order, the telephone company serving the Nickerson exchange (Contel of Minnesota, Inc.) shall file a 30 day study of telephone traffic between the Nickerson exchange and the Askov exchange adequate to indicate whether at least 50 percent of the subscribers in the Nickerson exchange make one or more calls per month to the Askov exchange and serve a copy of the study on the Minnesota Department of Public Service and the telephone company that serves the Askov exchange (Northwestern Bell Telephone Company).
2. If the study filed pursuant to Ordering Paragraph 1 shows that 50% or more of the Customers of the Nickerson exchange make one or more calls per month to the Askov exchange, the telephone companies serving these two exchanges (Contel and Northwestern Bell) shall each file a cost study and proposed rates for EAS between the Nickerson and Askov exchanges within 60 days of the date of this Order.
3. Within 30 days of the date of this Order, the telephone company serving the Nickerson exchange (Contel of Minnesota, Inc.) shall file a 30 day study of telephone traffic between the Nickerson exchange and the Carlton exchange adequate to indicate whether at least 50 percent of the subscribers in the Nickerson exchange make one or more calls per month to the Carlton exchange and serve a copy of the study on the Minnesota Department of Public Service and the telephone company that serves the Carlton exchange (Northwestern Bell Telephone Company).
4. If the study filed pursuant to Ordering Paragraph 3 shows that 50% or more of the Customers of the Nickerson exchange make one or more calls per month to the Carlton exchange, the telephone companies serving these two exchanges (Contel and Northwestern Bell) shall each file a cost study and proposed rates for EAS between the Nickerson and Carlton exchanges within 60 days of the date of this order.
5. Within 60 days of the date of this Order, the telephone company serving the Nickerson exchange (Contel of Minnesota, Inc.) and the telephone company serving the Moose Lake exchange (Northwestern Bell Telephone Company) shall each file a cost study and proposed rates for EAS between the Nickerson and Moose Lake exchanges.
6. Rate proposals required by Ordering Paragraphs 2, 4, and 5 shall be based on all the requirements of Minn. Stat. § 237.161, Section 1, Subd. 2 and 3 and shall include a rate schedule that assigns 50% of the costs to the Nickerson exchange and a rate schedule that assigns 75% of the costs to the Nickerson exchange. If either company believes that cost studies it has already submitted meet the requirements of Minn. Stat. § 237.161, Section 1, Subd. 2 and 3, its filing shall so indicate.
7. Within 45 days of the filing of any cost studies and proposed rates required by Ordering Paragraphs 2, 4, and 5, the Minnesota Department of Public Service shall file its report and recommendations regarding these filings and serve a copy thereof on the affected telephone companies (Contel of Minnesota, Inc. and Northwestern Bell Telephone Company) and the petitioners. In its report, the Department shall

indicate whether the cost studies meet the requirements of Minn. Stat. § 237.161 and include a recommendation of what percent of costs should be assigned to the Nickerson exchange.

8. Within 20 days following the Department's filing, interested parties may file comments on the Department's report and recommendation.
9. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster
Executive Secretary

(S E A L)